

AR07

BOARD OF DIRECTORS

H. I. Berkowitz
M. Fenson
L. Y. Fortier
K. E. Gray
S. Kanee
C. G. Sissons
A. Steinberg

OFFICERS

Abram Steinberg — *President*
H. Ivan Berkowitz — *Executive Vice President
and Secretary-Treasurer*
Kenneth E. Gray — *Vice President,
Finance & Administration*
Morley Fenson — *Vice President,
Corporate Development*

TRANSFER AGENT AND REGISTRAR

The Royal Trust Company

AUDITORS

Thorne Gunn & Co.
Chartered Accountants

HEAD OFFICE

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MONARCH WEAR LTD.



PRELIMINARY ANNUAL REPORT TO THE SHAREHOLDERS

For the year ended
November 3, 1973

To The Shareholders

The unaudited financial results for the year ended November 3, 1973, have now been prepared and a summary of the figures are enclosed herein. Consolidated net sales (including the first year operating results of Tee*Kays Internationale Ltd. from September 29, 1972) were \$16,999,000 as compared with \$13,515,000 in 1972. Earnings from operations before depreciation and interest charges declined from \$1,348,000 to \$1,077,000. Net earnings after income taxes and minority interest amounted to \$250,700 as compared with \$479,300 in the previous year.

In a June 26th shareholders letter it was stated that profits were unsatisfactory due primarily to "unusually low gross margins". Although a better rate of gross profit to sales was achieved in the third and fourth quarters, certain unusually high expense factors such as bad debts, interest and freight charges came into full accounting in the final quarter and adversely affected the net profit position. Stringent measures have been put into effect to improve future profit positions and we feel confident that considerable progress has been made to date.

The co has acquired
We are pleased to announce the signing of an agreement with Wembley Roupas S.A. of Brazil, as mentioned in our report of June 26, 1973. We are acquiring a 1/3 interest in this company which manufactures slacks and shirts for the Brazilian home market. Wembley Roupas also own and operate a chain of retail stores which sell goods of their own manufacture direct to the consumer. As a result of this agreement we expect to have available in 1974 for distribution in the Canadian market some 300,000 jeans made to our own size and quality standards.

Booked orders for Spring 1974 as at December 31, 1973 were approximately 60% higher than the comparable period of last year.

The Annual Report is currently being prepared and will be mailed shortly.

January 17, 1974

Abram Steinberg,
President

Canary
First report since going public.
No comparative figures

MONARCH WEAR LTD.

*Unaudited Financial Results For Twelve Months
Ended November 3, 1973*

STATEMENT OF EARNINGS

Consolidated net sales	<u>\$ 16,998,929</u>
Earnings from operations before the following:	1,077,328
Depreciation and amortization	159,669
Interest on long term debt	80,614
Other interest	307,013
Earnings before income taxes and minority interest	530,032
Income taxes	228,074
	301,958
Minority interest	51,214
NET INCOME FOR YEAR	<u>\$ 1250,744</u>
Earnings per common share (1)	26¢

(1) Earnings per share are calculated using the weighted monthly average number of shares outstanding during the year.